

CIA/OSR /MEMO EF 75 1008 CHINESE DEFENSE SPENDING
SECRET

OCT 75
01 OF 01

SECRET

(EXCLUDING THE \$US 1 TO 2 BILLION ESTIMATED FOR RDT&E), WE FIND THAT THE ARMY RECEIVES ABOUT 35 PERCENT, THE NAVY 30 PERCENT, THE AIR FORCE 25 PERCENT, AND COMMAND AND GENERAL SUPPORT 10 PERCENT. CONSTRUCTION OF MILITARY FACILITIES IS BELIEVED TO COST LESS THAN \$US 1 BILLION YEARLY.

3. WE AGREE [REDACTED] THAT THERE HAS BEEN LITTLE INCREASE IN DEFENSE SPENDING AND THAT DEFENSE AS A PERCENTAGE OF GNP HAS DECLINED. A MORE COMPLETE EXPOSITION OF OUR VIEWS CAN BE FOUND IN THE ARTICLE BY [REDACTED] IN THE JOINT ECONOMIC COMMITTEE STUDY CITED IN THE REFERENCE.

25X1C

25X1A

END OF MESSAGE

SECRET

45		PER	TOTAL COPIES 27-2 RUN BY		SECRET		REPRODUCTION BY OTHER THAN ISSUING OFFICE IS PROHIBITED	
CLASSIFIED		BY AT Z		25X1		STAFF		
ISSUED/ALOTED		FILE	VR	CAF	3 11	14 75	4	
25X1A		DSG, PS/EG 2, OC 14, SDO				2	5	
		OERS		ACTION COPY		3	6	
364801		EIA375		PAGE 01				
TOR:070311Z OCT 75								

SECRET 070250Z OCT 75 STAFF

25X1A

CITE [REDACTED] 25X1A

TO: DIRECTOR,

25X1A

DDI

FOR [REDACTED]

1. [REDACTED]

25X1C

IS INTERESTED IN OBTAINING AGENCY'S ESTIMATES ON HOW CHINESE APPORTION DEFENSE EXPENDITURES. ACCORDING TO [REDACTED] A STUDY OF THE CHINESE ECONOMY PUBLISHED BY THE JOINT ECONOMIC COMMITTEE OF THE US CONGRESS INDICATED THAT CHINESE DEFENSE EXPENDITURES LAST YEAR AMOUNTED TO \$US 12 BILLION OUT OF AN ESTIMATED GNP OF \$US 220 BILLION. [REDACTED] NOTED THAT A GREAT DEAL OF SPECULATIVE ANALYSIS WAS INVOLVED IN SUCH ESTIMATES, BUT WAS HOPEFUL AGENCY COULD PROVIDE [REDACTED] ITS ESTIMATES OF HOW MUCH THE CHINESE APPORTION TO THE THREE SERVICES AS WELL AS HOW MUCH THEY ARE SPENDING ON RESEARCH AND DEVELOPMENT, EQUIPMENT PROCUREMENT, FACILITIES, AND PERSONNEL. [REDACTED] NOTED THAT THERE WERE DIFFERENCES [REDACTED] ON CHINA'S DEFENSE BUDGET, STATING THAT HE PERSONALLY BELIEVES THAT THERE WAS HARDLY BEEN ANY INCREASE AT ALL IN DEFENSE SPENDING AND THAT DEFENSE AS A PERCENTAGE OF

25X1C

25X1C

25X1C

SECRET

MEM BY _____ PER _____ TOTAL COPIES _____ RU _____
SECRET

REPRODUCTION BY OTHER THAN
 ISSUING OFFICE IS PROHIBITED

COPY ISSUED/SLOTTED _____ BY _____ AT _____ Z _____
 UNIT I RF. FILE VR. STAFF
 N
 F
 O

1		4	
2		5	
3		6	

T 364801

EIA375

PAGE 02-02

-TOR:070311Z OCT 75

THE GNP HAS DECLINED, HE THOUGHT DATA PROVIDED BY WASHINGTON
 COULD HELP RESOLVE SOME OF THESE DIFFERENCES.

25X1A

2. [REDACTED] WOULD APPRECIATE ANY INFORMATION HQS
 CAN PROVIDE. [REDACTED] IS A PARTICULARLY USEFUL AND COOPERATIVE
 CONTACT, E2 IMPDET.

25X1A

25X1C

SECRET